

**State of Michigan**



# **Annual Report to the Governor**

**Calendar Year 2003**



# Annual Report to the Governor

Calendar Year 2003

Michigan Gaming Control Board  
1500 Abbott Road, Suite 400  
East Lansing, MI 48823

Submitted April 15, 2004  
pursuant to the  
*Michigan Gaming Control & Revenue Act*, as amended  
(Public Act 69 of 1997)

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*This document is also available online at*  
**[www.michigan.gov/mgcb](http://www.michigan.gov/mgcb)**



JENNIFER GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
**MICHIGAN GAMING CONTROL BOARD**  
EAST LANSING

DAN GUSTAFSON  
EXECUTIVE DIRECTOR

April 15, 2004

Honorable Jennifer Granholm  
Governor of Michigan

As the newly appointed Chairman, it is my distinct pleasure to submit to you the 2003 annual report of the Michigan Gaming Control Board. This report, submitted in accordance with Section 15(1) of the Michigan Gaming Control and Revenue Act, as amended, Public Act 69 of 1997 ("the Act"), provides an overview of the major events and activities that have taken place during the past year.

Two distinguished members of the Board finished their terms and were recognized by the Board for their contributions. Rich Davis was the former director of the Michigan State Police and brought a strong law enforcement perspective to the Board. The Honorable Roman Gribbs has been a key figure in the state for many years and epitomized the role of a dedicated public servant. At our last Board meeting, I acknowledged their service and stated, "We will miss them and appreciate all they have done".

Great strides have been made to improve the effectiveness and efficiency of the Board by addressing the conditions identified in a year-end Auditor General's Report. Changes include the development of a new organizational structure and the hiring of additional employees. I encourage you to review the accomplishments listed later in this Report.

As part of a program to treat those who are addicted to gaming, the Board continued to place individuals on a list of Disassociated Persons. The program has been well received and continues to expand. During the year, the Board approved 290 applications for voluntary placement on the list, which imposes a lifetime ban on being in a Detroit casino.

The Act provides that a State Wagering Tax be paid by the Detroit casino licensees to the State School Aid Fund to provide additional funding for K-12 public classroom education. In calendar year 2003, the combined State Wagering Tax paid by the three Detroit casino licensees totaled over \$91,000,000.

The Board continues in its commitment to protect the interests of the State and its citizens by faithfully and properly administering and enforcing the provisions of the Act.

Sincerely,

A handwritten signature in black ink, appearing to read 'Damian Kassab', with a long horizontal stroke extending to the right.

Damian Kassab  
Chairman



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## **Mission Statement**

*"The Michigan Gaming Control Board shall ensure the conduct of fair and honest gaming to protect the interests of the citizens of the State of Michigan."*

### **Introduction**

In November 1996, Michigan voters approved Proposal E, authorizing the development of up to three licensed commercial casinos in Detroit. Proposal E subsequently took effect as law on December 5, 1996, as the Michigan Gaming Control & Revenue Act. The voter-initiated act established the Michigan Gaming Control Board (referred to as the "Board" or "MGCB") as a Type I agency within the Michigan Department of Treasury, exclusively responsible for licensing and regulating the three authorized Detroit casinos. In July 1997, the voter-initiated Act was substantially amended by the Michigan Legislature's enactment of Public Act 69 of 1997 (referred to as the "Act"). The amended Act provided for more stringent licensing criteria, substantially strengthened the licensing and regulatory authority of the Board, and provided for a system for collection of wagering taxes and fees for the City of Detroit and the State of Michigan.

The Board is comprised of five Michigan residents appointed by the Governor, with the advice and consent of the Senate. One member is designated by the Governor as the chairperson. Under the Act, no more than three members may belong to the same political party. The Michigan Legislature vested the Board with certain powers and duties specified in the Act, and such other powers necessary and proper to fully and effectively implement, administer and enforce the provisions of the Act relating to the licensing and regulation of authorized private commercial casino gaming in the City of Detroit.

# Summary of the Michigan Gaming Control and Revenue Act



## *The Michigan Gaming Control & Revenue Act, as amended (Public Act 69 of 1997):*

- Authorizes up to three licensed casinos in the City of Detroit (MGM Grand Detroit Casino was licensed in July 1999; MotorCity Casino was licensed in December 1999; Greektown Casino was licensed in November 2000)
- Creates the Michigan Gaming Control Board (a Type I agency within the Michigan Department of Treasury) and vests the Board with exclusive authority to license, regulate, and control casino gaming in the three authorized Detroit casinos
- Authorizes the Board to promulgate necessary administrative rules to properly implement, administer and enforce the amended Act
- Provides for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming equipment and other casino suppliers, and casino and supplier employees
- Establishes standards and procedures for the issuance of casino licenses, casino supplier licenses, and occupational licenses, and the approval of gambling games and gaming equipment and devices
- Authorizes civil and criminal penalties for violation of the Act
- Authorizes and imposes certain state and city wagering taxes on casinos and various fees on casino, supplier and occupational licensees
- Requires the deposit of state casino wagering tax revenues in the state school aid fund for K-12 public education in Michigan
- Authorizes the City of Detroit to levy and collect wagering taxes and municipal services fees to defray the cost of hosting casinos and provide funding for police training and public safety programs, local economic development programs, youth development programs, capital improvements, local tax relief, and other programs to improve the quality of life in the City of Detroit
- Creates the state services fee fund to provide funding for the operations of the Board to license, regulate and control casino gaming; and for the state's compulsive gambling prevention program and other casino-related State programs

- Requires annual Board registration of local labor organizations that represent casino gaming employees
- Requires certain safeguards by casino licensees to prevent compulsive and underage gambling
- Prohibits political contributions by certain persons with interests in casino and supplier license applicants and licensees to state and local political candidates and certain committees
- Establishes certain requirements and safeguards for members, employees and agents of the Board, license applicants, licensees, and others involved in gaming to prevent conflicts of interest





# The Michigan Gaming Control Board – Calendar Year 2003



## Hon. Roman Gribbs, Chairman



**Hon. ROMAN S. GRIBBS** (appointed February 15, 2001 to fill the vacancy created by the resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003) - Judge Gribbs retired in January 2001 from the Court of Appeals of Michigan. He began his career in public service as an Assistant Wayne County Prosecutor in 1956. Subsequently, he served as the Sheriff of Wayne County, 1968-1969; Mayor of Detroit, 1970-1974; and Judge of the 3rd Judicial Circuit (Wayne County) from 1975 to 1982. Judge Gribbs was elected to the Court of Appeals in 1982, and served until his retirement in January 2001. He was graduated from the University of Detroit in 1952, and from the University of Detroit Law School in 1954. Judge Gribbs resides in Northville.

## Mr. Rich Davis



**Mr. RICH DAVIS** (one of five original appointees; reappointed in 1999 to four-year term expiring December 31, 2003) - Mr. Davis is the former director of the Michigan Department of State Police, attaining the rank of Colonel before his retirement in 1991. He began his career in law enforcement in 1958. He is a graduate of the FBI National Academy, FBI National Executive Institute, Michigan State University and Western Michigan University. After retiring from the Michigan Department of State Police, Mr. Davis served as executive director of the Michigan Trucking Association from 1991 until his retirement in January 1999. He resides in northern Michigan.

## Hon. Geraldine Bledsoe Ford (*Died while serving 10-05-2003*)



**Hon. GERALDINE BLEDSOE FORD** (originally appointed in March 1999; reappointed in December 2000 to a four-year term expiring December 31, 2004) - Judge Ford retired in December 1998 from the Third Judicial Circuit Court of Michigan after an illustrious 46-year career in law. She was the first African American female judge in Michigan, the first African American woman to serve as an assistant US Attorney General, and the first African American woman to serve as an assistant corporation counsel for the City of Detroit. She was graduated from the University of Michigan and Wayne State University Law School. Judge Ford resided in Detroit.

# Michigan Gaming Control Board cont'd.



## Mr. Larry Garberding – Resigned (March 31, 2003)



**Mr. LARRY GARBERDING** (appointed in February 2002 to fill the vacancy created by the resignation of Mr. Thomas Denomme, for a term expiring December 31, 2004) - Mr. Garberding retired in December 2001 as the executive vice president of both Detroit Edison and DTE Energy where he has worked since 1990. Prior to becoming the executive vice president, he was also Detroit Edison's and DTE's chief fiscal officer. Before that, Mr. Garberding had been in various positions as president and chief financial officer for several corporations. He is also a CPA. Mr. Garberding resides in Grosse Pointe Farms.

## Hon. Michael Stacey



**Hon. MICHAEL STACEY** (one of five original appointees; reappointed in December 2002 to a four-year term expiring December 31, 2006) - Retired from Wayne County Circuit Court in 1994, Judge Stacey has remained active in the legal profession, by assisting with alternative dispute resolution and serving as a visiting judge. He resides in Oakland County in southeast Michigan.

## Mr. Damian Kassab – Newest Board Member

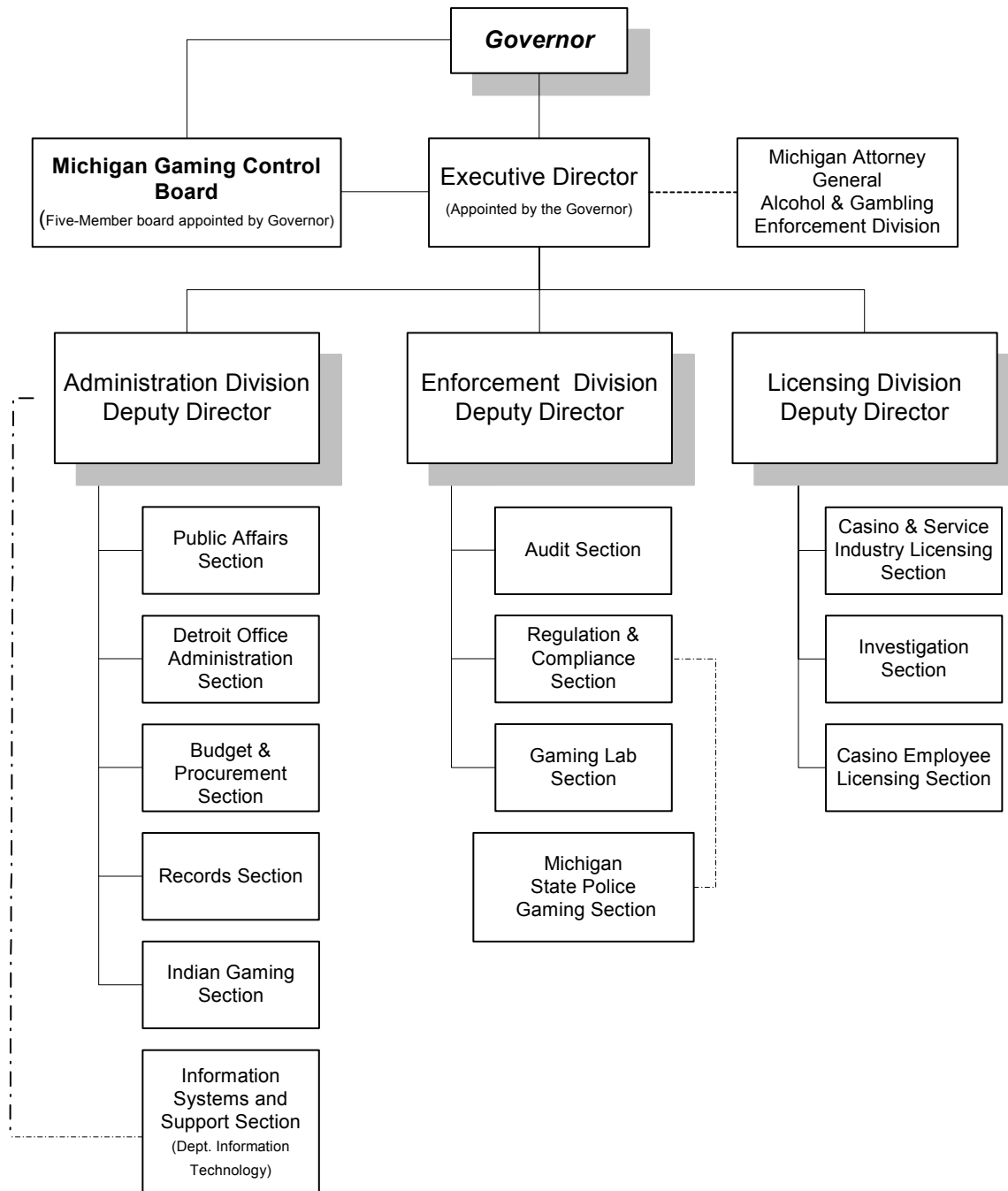


**Mr. DAMIAN KASSAB** (appointed by Governor Granholm on August 13, 2003, to fill the balance of Mr. Larry Garberding's term which expires on December 31, 2004). Mr. Kassab has served as the chairman of Warren Bank since 1997. Previously, Mr. Kassab formed an investment bank, Seger Financial, Inc. where he served in many capacities, including president, general counsel and treasurer. Mr. Kassab is a graduate of the University of Michigan, and has a law degree from the University of Colorado. Mr. Kassab resides in Rochester.

# Organizational Chart



## Michigan Department of Treasury Michigan Gaming Control Board



# MGCB Staff – Calendar Year 2003



Executive Director  
Executive Assistant

Mr. Dan Gustafson  
Ms. Patty James

## Administration Division

Deputy Director  
Executive Assistant  
Budget Officer  
Accountant  
Budget Assistant  
Departmental Analyst  
Detroit Departmental Supervisor  
Departmental Specialist  
Detroit Departmental Supervisor  
Detroit Office Administrator  
Detroit Office Secretaries:

Ms. Nancy Horton  
Ms. Laurie Lander  
Mr. Robert Simon  
Ms. Peggy Murphy  
Ms. Andrea Sanchez  
Ms. Tammy Colling  
Ms. Sandra Johnson  
Ms. Pam Shafer  
Ms. Sandra Johnson  
Mr. Larry Smith

Ms. Robin Simpson  
Ms. Khristine Dyer

Ms. "Stina" Lyles  
Ms. Simona Green

Document & Records Analyst  
Documents & Records Supervisor  
Documents & Records Technician  
Documents & Records Technician  
Documents & Records Technician  
Documents & Records Technician  
Information Systems Analysts:

Mr. Thomas Wilson  
Ms. Lelia Woods  
Ms. Sophia Griffin  
Ms. Julie Martin  
Ms. Robyne McCray  
Ms. Teri Miller

Mr. Greg Campbell  
Mr. Charlie Marengo

Ms. Jane Rademacher

Information Systems Program Manager  
Information Systems Programmer  
Indian Gaming Lead Auditor  
Indian Gaming Auditor  
Indian Gaming Compliance Officer  
Network Administrator  
Procurement Analyst  
Public Affairs Director  
Receptionist  
Receptionist  
Records Section Manager

Mr. Tom Barker  
Mr. Joe Welz  
Mr. David Hicks  
Mr. Richard Sheaffer  
Mr. Pat Devlin  
Mr. Philip DuLong  
Ms. Marina Kotsifis  
Mr. Eric Bush  
Ms. GERALYN Fedewa  
Ms. Janet Sudac  
Mr. Dan Ostrom

## Enforcement Division

Deputy Director  
Executive Assistant  
Casino Audit Section Manager  
Casino Compliance Manager  
Gaming Lab Manager

Mr. John Page  
Ms. Kara Kabia  
Ms. Theresa Willis  
Mr. Brian McCafferty  
Mr. Jim Bridgewater

Casino Auditors:

Ms. Angela Castleberry  
Ms. Lisa Forrest  
Mr. Stratford Johnson  
Mr. Cedric Knott

Mr. Abdul Mutahr  
Ms. Elizabeth Orr  
Mr. DeWayne White  
Mr. Jason Wiard

Information Systems Auditor

Mr. Rajesh Dharia

Gaming Laboratory Departmental Technician

Gaming Laboratory Engineer

Gaming Laboratory Secretary

Gaming Specialist

Regulation Officers:

Mr. Aaron Pongracz

Mr. Nader Jadallah

Ms. Beverly Kimbrough

Mr. Tom Bucia

Ms. Tina Scarrow

Ms. April Edmonds

Mr. Paul Flaherty

Ms. Cheryl Freeman

Ms. Mildred Holmes

Ms. Stacey Johnson

Ms. Kristina Judge

Ms. Ginger Lewis

Ms. Laura McDonald

Mr. Michael McDonald

Ms. Gretchen Mink

Ms. LaTonya Morgan

Mr. Greg Nagel

Mr. Tom Novak

Mr. Randell Schnotala

Mr. Scott Thomas

Mr. Edward Thomson

Mr. John Trafelet

Mr. Joshua Travis

Mr. Henry Williams

Mr. Doug Zavorski

Licensing Division

Deputy Director

Executive Assistant

Casino & Service Industry Licensing Section Manager

Casino Employee Licensing Section Manager

Investigation Section Manager

Departmental Technicians:

Mr. Ben McMakin

Ms. Pam Trakul

Ms. Carol Flores

Mr. Nick Alagna

Mr. Rae Jim Burnett

Ms. Charlotte Davidson

Ms. Sharon Henderson

Ms. Marcia Kibby

Ms. Denise Reece

Financial Analyst

Financial Analyst

Financial Analyst

Licensing Section Secretary

Regulation Officers:

Ms. Joanne Chamberlain

Mr. Robert Peltier

Mr. Michael Sauer

Ms. Melissa Peters

Ms. Lisa Badalamenti

Mr. Barry Beck

Mr. Charles Benson

Mr. Robert Braner, Jr.

Ms. Celesta Clarkson

Ms. Pam Duke

Mr. Gary Elliott

Mr. Dan Fields

Mr. Greg Kilbourn

Mr. Warren Lamb

Mr. Gary Peterson

Mr. Dale Thibodeau

Mr. Gary Washington

*The Michigan Attorney General and Michigan Department of State Police assigned specialized units to assist the MGCB in carrying out its statutory duties under the amended Act. The MGCB acknowledges the cooperation and assistance of these agencies and their respective staff members.*

## **Michigan Attorney General, Alcohol and Gambling Enforcement Division**

Assistant Attorney General in Charge  
Division Head Secretary  
First Assistant Attorney General

Mr. Eric Eggan  
Ms. Randalyn Jegla  
Mr. John M. "Jack" Cahill

Assistant Attorneys General:

Ms. Rhondi Keller  
Ms. Bethany Scheib

Ms. Kandy C. Ronayne

Legal Secretaries:

Ms. Scheryl Brooks  
Ms. Terri Pollack

## **Michigan Department of State Police, Gaming Section**

Inspector  
Detective First Lieutenant  
Detective Lieutenants:

Ellis Stafford  
Vicki Johnson  
Robert Honey  
John Lessnau

Secretary:  
Ms. Joy Curry

Computer Technician:  
Detective Sergeants:

Mr. Ken Scroi

Art Andrews  
Kelly Goynes  
Joe Hanley

Frank McCrary  
Marva Moore  
Eric Old

Allan Reed

Detective Specialists:

Mark Castillo  
Sue Cato  
Emerson Cox  
William Dawson  
Stephen Ford  
Tonda Hill  
Timothy Holme  
John Keating  
Mark Kellar

Frank Little  
Theresa Maylone  
Charles Morehead  
David Morikawa  
Margie Richardson  
Jennifer Schlaufman  
Debra Stone  
Brad Washburn

# Activities of the Board



In calendar year 2003, the five-member Board was comprised of the following gubernatorial appointees:

- **Hon. Roman Gribbs** (appointed February 15, 2001 to fill vacancy created by resignation of Ms. Paula Blanchard, for a term expiring December 31, 2003) – Judge Gribbs was appointed chairman in 2002 to replace Mr. Thomas Denomme.
- **Mr. Rich Davis** (reappointed on December 31, 1999, to a four-year term expiring December 31, 2003).
- **Hon. Geraldine Bledsoe Ford** (reappointed in December 2000, to a four-year term expiring December 31, 2004). Judge Ford died while in service to the Board on October 5, 2003.
- **Mr. Larry Garberding** (appointed to fill the balance of Mr. Thomas Denomme's term , which expires on December 31, 2004). Mr. Garberding resigned on March 31, 2003.
- **Hon. Michael Stacey** (reappointed in December 2002, to a four-year term expiring December 31, 2006).
- **Mr. Damian Kassab** (appointed by Governor Granholm on August 13, 2003 to fill the balance of Mr. Larry Garberding's term which expires on December 31, 2004).

## BOARD MEETINGS

From its inception, the Board has encouraged public input regarding its policies, procedures, and activities related to licensing and regulating the three authorized Detroit casinos. To conduct Board business and inform and receive input from the public, the Board held nine public meetings in 2003. The meetings were held during evening hours to facilitate public attendance and participation. At its public meetings, the Board not only conducted its official business, but also provided the public and news media with opportunities to ask questions and offer comment regarding casino gaming issues, and the Board's relevant policies, procedures and activities.

The Board met at the Detroit Office located at the Cadillac Place, 3062 West Grand Boulevard, Suite L-700, on the following dates:

January 2003*	July 2003*
February 11, 2003	August 19, 2003
March 18, 2003	September 9, 2003
April 8, 2003	October 14, 2003
May 13, 2003	November 2003*
June 11, 2003	December 16, 2003
* No Meeting	

The Board adjourned to Closed Session after each public meeting, to review confidential materials that were part of casino license applications and applications for placement on the Board's Disassociated Persons List, and thus protected from public review and disclosure under Sections 4c and 25 of the Michigan Gaming Control & Revenue Act, as amended, Public Act 69 of 1997, MCL 432.204c and MCL 432.225(4)(c). Closed Sessions are not open to the public, nor are minutes of such sessions available to the public, under Michigan's Open Meetings Act, as amended, Public Act 267 of 1976. All Board meetings, whether open or closed, are held in accordance with Michigan's Open Meetings Act.

## **BOARD RESOLUTIONS**

The Board adopted seven resolutions in calendar year 2003:

**Resolution # 2003-01** (Adopted 3/18/03) - A resolution delegating to the Executive Director authority to determine if the public health, safety or welfare requires emergency action against occupational licensees and to issue Summary Suspensions.

**Resolution # 2003-02** (Adopted 5/13/03) - A resolution to acknowledge the contributions and accomplishments of former Board Member Larry Garberding and commend him for his service to the Michigan Gaming Control Board.

**Resolution # 2003-03** (Adopted 8/19/03) - A resolution to acknowledge and commend Michigan State Police Detective First Lieutenant Darwin A. Scott for his outstanding service to the Michigan Gaming Control Board.

**Resolution # 2003-04** (Adopted 9/9/03) - A resolution to acknowledge the contributions and accomplishments of Deputy Director Nancy L. Horton and commend her for distinguished and honorable service to the Michigan Gaming Control Board.

**Resolution # 2003-05** (Adopted 9/9/03) - A resolution and order granting Field of Commerce Supplier Licensing Exemptions to third party retail tenants.

**Resolution # 2003-06** (Adopted 12/16/03) - A resolution to acknowledge the contributions and accomplishments of former Board Member Judge Geraldine Bledsoe Ford and commend her for distinguished and honorable service to the Michigan Gaming Control Board.

**Resolution # 2003-07** (Adopted 12/16/03) - A Board Resolution Regarding Vendor Exemptions and/or Waivers From Supplier Licensing Requirements Pursuant to Rule 432.1322(4) and Rule 432.1223 and Delegation of Authority to the Executive Director to Grant Vendor Exemptions and Waivers.



## Notable Board Accomplishments



- The Audit Section of the Enforcement Division has completed review and analysis of 734 daily tax returns as compared to 312 in 2002, completed 30 Monthly Credit Reports as issued by the 3 casinos as compared to 0 in 2002, and completed review and analysis of 33 monthly tax returns as compared to 0 in the previous year.
- Gaming Lab submissions were up 45% from the previous year, from 1534 in 2002 to 2233 in 2003. The Gaming Laboratory has been able to meet its goal of processing the submissions within 90 days of receipt.
- Two significant field programs have been instituted to assure game and system integrity in the field, Meter/Win/Hold Verification, and EPROM verifications are performed on electronic gaming devices (EGD's) throughout the year.
- Improvements were made to the computerized Lab Track program to account for all Lab activities and responsibilities. All field verification activities are tracked and Malfunction Occurrences, Manufacturer Notifications, and other assignments are tracked and specifically assigned for review.
- A new automated Compliance Tracking System was implemented to track all compliance activities at each casino.
- There were 3534 Monitoring Inspections completed in 2003 as compared to 502 in the previous year. The Monitoring Inspections are reviews of operational risk areas of the casino to assure compliance with the Public Act, Administrative Rules and the Casino's Internal Controls.
- The Employee Licensing Section has established a pilot program to locate a licensing office inside the Greektown Casino so that the Board's licensing functions will be more accessible to casino employees.
- The Employee Licensing Section has also reduced the backlog of occupational license applications by half, and the time for approval of a permanent occupational license has been dramatically reduced.
- The Investigation Section successfully concluded at least 10 investigations by quickly identifying and confronting the license applicant with an apparent deficiency in their application. The identification of a deficiency relative to the applicant's suitability or eligibility for a license resulted in the applicants withdrawing their application.
- The Casino and Service Industry Section issued 34 supplier licenses and 976 vendor permits. In addition, the Section recommended the denial of a supplier license for 7 applicants as a result of their lack of suitability or eligibility for a supplier license.
- An annual audit plan and annual compliance plan have been developed and implemented for the Indian Gaming Section.
- The Disassociated Persons List exceeds 500 individuals due to timely and accurate processing of applicants.

# Minors and Compulsive Gambling



## ANNUAL UNDERAGE AND COMPULSIVE GAMBLING STUDIES

Section 15(2) of the Act, MCL 432.215(2) requires that each casino licensee conduct an annual study on minors and compulsive gaming. Section 15(1) of the Act further requires that the Board include certain information regarding minors on casino premises, which each licensee must compile as part of their annual study. Following is a summary chart of the required information compiled and reported by each of the three Detroit casino licensees in their respective annual studies on minors and compulsive gaming for calendar year 2003.

### Casino Licensees' Reported Contacts with Minors on Licensed Casino Premises During Calendar Year 2003

	MGM Grand 1/1/03 - 12/31/03	MotorCity 1/1/03 - 12/31/03	Greektown 1/1/03- 12/31/03
1. The number of minors who were denied entry into the casino.	796	4,822	1073
2. The number of minors who were physically escorted from the casino premises.	13	3	13
3. The number of minors who were detected participating in gambling games other than slot machines.	4	2	2
4. The number of minors who were detected using slot machines.	1	0	2
5. The number of minors who were taken into custody by a law enforcement agency on the casino premises.	13	3	0
6. The number of minors who were detected illegally consuming alcohol on the casino premises.	0	0	1

# Board Revenues and Expenditures



## State Services Fee Fund

Section 12a of the Act, MCL 432.212a, provides that all casino-related regulatory and enforcement costs, compulsive gambling programs, and other casino-related programs, activities and services conducted by the Board, the Michigan Department of State Police, the Michigan Department of Attorney General, the Michigan Department of Community Health and other state agencies shall be paid from annual fees assessed on the three Detroit casino licensees. Under the Act, each casino licensee is required to pay an annual assessment fee on or before the date on which the licensee first began operating its casino and each year, thereafter, on that date. The amount of each licensee's annual assessment is equal to 1/3 of \$25,000,000.00 adjusted annually by multiplying the previous year's assessment by the Detroit consumer price index, as defined and reported by the United States Department of Labor, Bureau of Labor Statistics. Based on this formula, each of the three Detroit casino licensees were assessed and paid a total \$27,322,238.42 for calendar year 2003 and \$26,862,694.54 for fiscal year 2003.

From the annual assessment fees paid each year by the licensees, \$2,000,000.00 must be deposited in the state's Compulsive Gaming Prevention Fund, to be used exclusively for the treatment, prevention, education, training, research and evaluation of pathological gamblers and their families, as determined by the director of the Michigan Department of Community Health. All of the remaining fees paid by the licensees must be deposited in the State Services Fee Fund, which was created within the Department of Treasury, and is administered by the Michigan Gaming Control Board, under the Act.

Distributions from the State Services Fee Fund may only be made by the Legislature through the appropriations process and only for necessary related services provided to the Board.

## Application and License Fees, Fines and Costs

The Board is also authorized by the Act to assess and collect various license application fees to cover the Board's cost of conducting required background investigations of applicants for casino, supplier and occupational licenses under the Act. After an applicant is determined eligible and suitable for licensure, the Act also authorizes the Board to assess and collect license fees for both the initial issuance and subsequent renewal of casino, supplier and occupational licenses. In addition to application and license fees, the Act also authorizes the Board to impose fines and order reimbursement of investigative and enforcement costs as disciplinary actions to penalize violators of the Act or administrative rules of the Board.

In calendar year 2003, the Board collected application and license fees and other authorized fees, fines and reimbursement costs totaling \$2,293,849.79. All of these fees, fines and reimbursed costs assessed and collected by the Board in calendar year 2003 were deposited in the State Casino Gaming Fund, which was created within the Department of Treasury and is administered by the Michigan Gaming Control Board, in accordance with the Act.

### **Board Financial Statement**

Section 15(1) of the Act, MCL 432.215(1), requires that the Board's Annual Report include an account of the Board's financial position and results of operation under the Act, during the period covered by the report. While the Board, like other state agencies, operates on a fiscal year (October 1 – September 30) basis, the Act requires that the Board's Annual Report be based on the calendar year. To give a more comprehensive account of the Board's financial position and results of operation under the Act, the following financial statement of the Board reports the Board's revenues and expenditures for both calendar year 2003 and fiscal year 2003 (with the figures rounded to the nearest thousand).



# ***Michigan Gaming Control Board Financial Statement***

## **REVENUES**

	<b><u>Fiscal Year 2003</u></b>	<b><u>Calendar Year 2003</u></b>
<b>State Casino Gaming Fund</b>		
Casino/supplier fees and fines	0.0	225.0
Other	1.2	0.4
 <b>State Services Fee Fund</b>		
Annual assessments	26,862.7	27,322.2
<u>Application Fees:</u>		
Casinos	23.3	97.2
Suppliers	269.3	290.5
Occupational	130.5	128.2
<u>License Fees:</u>		
Casinos	100.0	75.0
Suppliers	220.0	254.3
Occupational	276.9	285.5
<u>Other fees</u>	15.9	15.7
 <b>Native American Casino Fund</b>		
Oversight fees	206.7	256.9
 <b>Lab Fund</b>		
Testing fees	552.8	665.0
<b>Total Revenue</b>	<b>28,659.1</b>	<b>29,616.1</b>

## **EXPENDITURES**

<b>State Services Fee Fund</b>		
Board	26.5	22.1
Administration	13,821.9	13,868.9
Background investigations	423.0	505.1
Prior year work projects	106.0	148.4
 <b>Native American Casino Fund</b>	205.3	231.5
 <b>Lab Fund</b>	566.6	518.6
<b>Total Expenditures</b>	<b>15,149.2</b>	<b>15,294.7</b>

## **OPERATING TRANSFERS**

<b>State Services Fee Fund</b>		
Department of Community Health	2,000.0	2,000.0
Michigan Office of the Auditor General	1,055.1	879.3
Department of Treasury	330.6	330.6
Department of State	884.7	884.7
Department of Agriculture	4,823.6	4,823.6

Other	57.6	57.6
<b>Native American Casino Fund</b>	1.4	1.4
<b>Lab Fund</b>	2.9	2.9
<b>Total Operating Transfers</b>	<u>9,155.9</u>	<u>8,980.0</u>
<b>Total Operating Transfers and Gross Expenditures</b>	<b>24,305.1</b>	<b>24,274.7</b>

**Footnotes:**

1. Approval for calendar year presentation was requested and received from the Department of Management and Budget, Office of Financial Management.
2. Governmental fund types are accounted for using the modified accrual basis of accounting.



# Casino Revenues & State Wagering Taxes



## STATE CASINO WAGERING TAX

Section 12 of the Act, MCL 432.212, imposes an 8.1% State Wagering Tax on the adjusted gross receipts received by each Detroit casino licensee from casino gaming authorized by the Act. The Act defines “adjusted gross receipts” as being the licensee’s gross gaming receipts less winnings paid to wagerers.

The 8.1% State Wagering Tax paid by the Detroit casino licensees is deposited in the State School Aid Fund to provide additional funds for K-12 public classroom education. In calendar year 2003, the combined 8.1% State Wagering Taxes paid by the three Detroit casino licensees and deposited in the State School Aid Fund totaled \$91,432,378.55. Since the first casino was licensed and began operations in July 1999, the State School Aid Fund has received a total \$339,633,278.19 in State Wagering Taxes paid by the three Detroit casino licensees through the end of calendar year 2003.

The following is a monthly and annual summary of the adjusted gross receipts and State Wagering Tax payments for the three Detroit casino licensees from July 1999 through the end of calendar year 2003:

### Casino Revenues & Wagering Taxes 1999

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
July	\$4,818,554.11	\$390,302.88	-	-	-	-	\$4,818,554.11	\$390,302.88
August	\$35,206,963.97	\$2,851,764.08	-	-	-	-	\$35,206,963.97	\$2,851,764.08
September	\$33,951,508.55	\$2,750,072.19	-	-	-	-	\$33,951,508.55	\$2,750,072.19
October	\$34,457,655.34	\$2,791,070.08	-	-	-	-	\$34,457,655.34	\$2,791,070.08
November	\$33,753,191.20	\$2,734,008.49	-	-	-	-	\$33,753,191.20	\$2,734,008.49
December	\$31,491,239.05	\$2,550,790.36	\$14,759,589.25	\$1,195,526.73	-	-	\$46,250,828.30	\$3,746,317.09
Total	\$173,679,112.22	\$14,068,008.09	\$14,759,589.25	\$1,195,526.73	-	-	\$188,438,701.47	\$15,263,534.82



# Casino Revenues & State Wagering Taxes, cont'd.



## Casino Revenues & Wagering Taxes 2000

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$32,458,134.63	\$2,629,108.91	\$22,742,714.82	\$1,842,159.90	-	-	\$55,200,849.45	\$4,471,268.81
February	\$30,953,211.30	\$2,507,210.12	\$23,033,091.15	\$1,865,680.38	-	-	\$53,986,302.45	\$4,372,890.50
March	\$37,511,192.05	\$3,038,406.56	\$25,177,767.41	\$2,039,399.16	-	-	\$62,688,959.46	\$5,077,805.72
April	\$34,198,920.36	\$2,770,112.55	\$25,988,688.06	\$2,105,083.73	-	-	\$60,187,608.42	\$4,875,196.28
May	\$33,765,674.10	\$2,735,019.60	\$26,550,564.81	\$2,150,595.75	-	-	\$60,316,238.91	\$4,885,615.35
June	\$31,422,116.80	\$2,545,191.46	\$27,390,357.23	\$2,218,618.94	-	-	\$58,812,474.03	\$4,763,810.40
July	\$36,528,965.25	\$2,958,846.19	\$29,794,583.93	\$2,413,361.30	-	-	\$66,323,549.18	\$5,372,207.48
August	\$33,160,279.83	\$2,685,982.67	\$28,565,714.45	\$2,313,822.87	-	-	\$61,725,994.28	\$4,999,805.54
September	\$34,396,641.93	\$2,786,128.00	\$28,003,948.71	\$2,268,319.85	-	-	\$62,400,590.64	\$5,054,447.84
October	\$34,143,474.63	\$2,765,621.45	\$29,011,313.79	\$2,349,916.42	-	-	\$63,154,788.42	\$5,115,537.86
November	\$28,945,346.53	\$2,344,573.07	\$26,729,451.67	\$2,165,085.59	\$13,636,392.00	\$1,104,547.75	\$69,311,190.20	\$5,614,206.41
December	\$29,751,377.52	\$2,409,861.58	\$22,758,778.35	\$1,843,461.05	\$17,014,267.55	\$1,378,155.67	\$69,524,423.42	\$5,631,478.30
Total	\$397,235,334.93	\$32,176,062.13	\$315,746,974.38	\$25,575,504.92	\$30,650,659.55	\$2,482,703.42	\$743,632,968.86	\$60,234,270.48

## Casino Revenues & Wagering Taxes 2001

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Revenues	Total State Wagering Tax (8.10%)
January	\$27,531,158.35	\$2,230,023.83	\$27,734,835.66	\$2,246,521.69	\$18,326,007.55	\$1,484,406.61	\$73,592,001.56	\$5,960,952.13
February	\$28,032,821.35	\$2,270,658.53	\$27,995,759.75	\$2,267,656.54	\$19,718,880.98	\$1,597,229.36	\$75,747,462.08	\$6,135,544.43
March	\$31,969,009.25	\$2,589,489.75	\$31,890,473.71	\$2,583,128.37	\$22,403,377.25	\$1,814,673.56	\$86,262,860.21	\$6,987,291.68
April	\$28,147,244.28	\$2,279,926.79	\$29,744,000.27	\$2,409,264.02	\$20,203,624.10	\$1,636,493.55	\$78,094,868.65	\$6,325,684.36
May	\$29,620,962.68	\$2,399,297.98	\$28,892,271.27	\$2,340,273.97	\$21,460,104.51	\$1,738,268.47	\$79,973,338.46	\$6,477,840.42
June	\$29,953,124.70	\$2,426,203.10	\$28,141,924.64	\$2,279,495.90	\$21,977,862.01	\$1,780,206.82	\$80,072,911.35	\$6,485,905.82
July	\$30,140,278.83	\$2,441,362.59	\$28,612,706.18	\$2,317,629.20	\$22,743,923.66	\$1,842,257.82	\$81,496,908.67	\$6,601,249.60
August	\$30,357,105.65	\$2,458,925.56	\$31,100,472.73	\$2,519,138.29	\$26,254,526.30	\$2,126,616.63	\$87,712,104.68	\$7,104,680.48
September	\$30,951,206.57	\$2,507,047.73	\$29,743,520.53	\$2,409,225.16	\$24,500,227.89	\$1,984,518.46	\$85,194,954.99	\$6,900,791.35
October	\$33,169,099.85	\$2,686,697.09	\$32,587,938.80	\$2,639,623.05	\$27,252,501.23	\$2,207,452.60	\$93,009,539.88	\$7,533,772.73
November	\$32,630,501.70	\$2,643,070.64	\$31,541,904.91	\$2,554,894.30	\$27,261,309.56	\$2,208,166.07	\$91,433,716.17	\$7,406,131.01
December	\$33,633,346.75	\$2,724,301.09	\$33,048,959.46	\$2,676,965.72	\$27,720,493.14	\$2,245,359.94	\$94,402,799.35	\$7,646,626.75
Total	\$366,135,859.96	\$29,657,004.68	\$361,034,767.91	\$29,243,816.21	\$279,822,838.18	\$22,665,649.89	\$1,006,993,466.05	\$81,566,470.76



# Casino Revenues & State Wagering Taxes, cont'd.



## Casino Revenues & Wagering Taxes 2002

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
January	\$35,225,125.14	\$2,853,235.14	\$33,345,361.87	\$2,700,974.31	\$26,191,327.25	\$2,121,497.50	\$94,761,814.26	\$7,675,706.95
February	\$33,891,692.10	\$2,745,227.06	\$33,557,628.15	\$2,718,167.88	\$26,923,120.80	\$2,180,772.78	\$94,372,441.05	\$7,644,167.73
March	\$35,763,563.63	\$2,896,848.65	\$37,282,523.71	\$3,019,884.42	\$29,304,762.19	\$2,373,685.74	\$102,350,849.53	\$8,290,418.82
April	\$34,989,268.04	\$2,834,130.71	\$33,881,475.66	\$2,744,399.53	\$28,257,952.35	\$2,288,894.14	\$97,128,696.05	\$7,867,424.38
May	\$33,603,150.03	\$2,721,855.15	\$33,885,981.07	\$2,744,764.47	\$27,811,202.65	\$2,252,707.42	\$95,300,333.75	\$7,719,327.03
June	\$30,729,140.13	\$2,489,060.35	\$32,864,130.97	\$2,661,994.61	\$24,891,440.93	\$2,016,206.71	\$88,484,712.03	\$7,167,261.67
July	\$30,817,595.67	\$2,496,225.25	\$34,576,497.84	\$2,800,696.33	\$28,070,250.86	\$2,273,690.32	\$93,464,344.37	\$7,570,611.89
August	\$31,371,393.48	\$2,541,082.87	\$35,449,122.06	\$2,871,378.89	\$28,803,846.28	\$2,333,111.55	\$95,624,361.82	\$7,745,573.31
September	\$32,210,963.77	\$2,609,088.07	\$31,430,824.13	\$2,545,896.75	\$25,688,839.87	\$2,080,796.03	\$89,330,627.77	\$7,235,780.85
October	\$32,367,494.76	\$2,621,767.08	\$31,855,118.45	\$2,580,264.59	\$27,938,265.50	\$2,262,999.51	\$92,160,878.71	\$7,465,031.18
November	\$31,901,730.15	\$2,584,040.14	\$30,300,866.61	\$2,454,370.20	\$28,041,184.39	\$2,271,335.94	\$90,243,781.15	\$7,309,746.27
December	\$32,110,576.37	\$2,600,956.69	\$34,084,011.99	\$2,760,804.97	\$25,726,071.61	\$2,083,811.80	\$91,920,659.97	\$7,445,573.46
Total	\$394,981,693.27	\$31,993,517.15	\$402,513,542.51	\$32,603,596.94	\$327,648,264.68	\$26,539,509.44	\$1,125,143,500.46	\$91,136,623.53

## Casino Revenues & Wagering Taxes 2003

	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		(All Detroit Casinos)	
Month	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (8.10%)
January	\$31,080,956.65	\$2,517,899.88	\$32,346,085.05	\$2,620,032.89	\$24,460,451.74	\$1,981,296.59	\$87,887,493.44	\$7,119,229.36
February	\$30,254,268.80	\$2,450,595.77	\$31,885,461.64	\$2,582,722.39	\$25,992,944.72	\$2,105,428.52	\$88,132,675.16	\$7,138,746.69
March	\$35,624,812.36	\$2,885,609.80	\$37,058,399.63	\$3,001,730.37	\$31,156,776.51	\$2,523,698.90	\$103,839,988.50	\$8,411,039.07
April	\$32,956,228.49	\$2,669,454.51	\$32,803,712.03	\$2,657,100.67	\$26,758,352.12	\$2,167,426.52	\$92,518,292.64	\$7,493,981.70
May	\$37,335,390.91	\$3,024,166.66	\$34,919,500.27	\$2,828,479.52	\$31,236,521.52	\$2,530,158.24	\$103,491,412.70	\$8,382,804.43
June	\$33,063,915.99	\$2,678,177.20	\$33,023,392.69	\$2,674,894.81	\$25,913,056.05	\$2,098,957.54	\$92,000,364.73	\$7,452,029.54
July	\$33,276,177.10	\$2,695,370.35	\$33,918,573.44	\$2,747,404.45	\$27,802,132.06	\$2,251,972.70	\$94,996,882.60	\$7,694,747.49
August	\$34,930,533.41	\$2,829,373.21	\$31,411,337.82	\$2,544,318.36	\$28,603,426.63	\$2,316,877.56	\$94,945,297.86	\$7,690,569.13
September	\$32,152,338.33	\$2,604,839.40	\$32,534,728.78	\$2,635,313.03	\$25,159,217.35	\$2,037,896.60	\$89,846,284.46	\$7,278,049.04
October	\$34,360,229.29	\$2,783,178.57	\$33,286,562.48	\$2,696,211.56	\$26,850,644.04	\$2,174,902.17	\$94,497,435.81	\$7,654,292.30
November	\$33,707,772.93	\$2,730,329.61	\$33,354,052.07	\$2,701,678.22	\$26,840,528.28	\$2,174,082.79	\$93,902,353.28	\$7,606,090.62
December	\$34,570,215.07	\$2,800,187.42	\$35,034,464.89	\$2,837,791.66	\$24,538,726.02	\$1,987,636.81	\$94,143,405.98	\$7,625,615.88
Total	\$403,312,839.33	\$32,669,182.37	\$401,576,270.79	\$32,527,677.93	\$325,312,777.04	\$26,350,334.94	\$1,130,201,887.16	\$91,547,195.24



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